COURSE LEARNING OUTCOMES

At the end of this course the students will be able to

CLO 2 Assess the concept of Redemption of shares, debentures, underwriting of shares and underwriter’s liability.

Preview of last cl

01

Company Accou
Meaning and
Characteristics

Forfeiture and Reissue of
Shares and Debentures

02

03

Difference
between Shares
and Debentures

Dematerialisation -
Benefits of Demat
Account

04

Topics Covered

UNIT II

Redemption of Preference Shares:

- **Introduction**
- **How it is Redeemed**
- **Sources**
- **Conditions**

REDEMPTION OF SHARES - LECTURE VIDEO

SOURCE

https://www.youtube.com/watch?v=tJ03LIbQXCw

CLICK

- by Mr. Saheb Academy, Educational

SOURCE : Animation Channel, IPCC

https://www.youtube.com/watch?v=Has8mppDKz8

CLICK

Redemption of Preference Shares - Introduction

Redemption of preference shares means returning the preference share capital to the preference shareholders either at a fixed date or after a certain time period during the life time of the company provided must complied certain conditions.

How it is Redeemed?

Redeemable preference shares are a type of preference share. A company issues them to shareholders and later redeems them. This means the company can buy back the shares at a later date. Non-redeemable preference shares do exist, although companies cannot redeem them.

Redemption of Preference Shares - Sources

The sources for redemption come from two sources:

a) Fresh issue of shares :

When redemption is out of fresh issue, the amount received on fresh issue is utilised for the redemption of preference shares.

b) Profit of the Company (capitalisation of undistributed profit)

Thus new shares take the place of redeemed shares.

c) Both a and b

Redemption of Preference Shares

Conditions for the redemption of redeemable preference share:

1. A company should be authorized by its articles to issue redeemable preference shares within a period not exceeding twenty years.

2. The preference shares should be redeemed out of

   i) profits available for dividend or

   ii) out of proceeds of fresh issue of shares made for the purpose of redemption.

Test Your Knowledge

LINK

https://forms.gle/xymrrx1SkphR8Lxd8

CLICK

THANK YOU